Distribution Date: August 14, 2013

Cancellation of HUD/FHA furlough days scheduled for August 16th and August 30th / FHA Commissioner's Update on HUD Mortgagee Letter 2013-04 / Training Opportunities

# Cancellation of HUD/FHA Furlough Days

Please be advised that HUD/FHA has cancelled the previously scheduled furlough days of August 16th and August 30th. All HUD offices will be open for business on those days.

### Message from the Commissioner

From: Carol J. Galante, Assistant Secretary for Housing-Federal Housing Commissioner

Subject: Update on HUD Mortgagee Letter 2013-04

Date: August 14, 2013

Implementation of HUD's Mortgagee Letter on Cancellation of the Annual Mortgage Insurance Premium

FHA is aware of issues related to the implementation of Mortgagee Letter 2013-04, Revision of Federal Housing Administration (FHA) Policies Concerning Cancellation of the Annual Mortgage Insurance Premium (MIP), on-line <a href="http://portal.hud.gov/huddoc/13-04ml.pdf">http://portal.hud.gov/huddoc/13-04ml.pdf</a>

Specifically, since the effective date of this Mortgagee Letter, some mortgages have been originated using incorrect Truth in Lending Act (TILA) disclosures and/or incorrectly prepared HUD 92900–A/B forms. FHA has consulted with the Consumer Financial Protection Bureau (CFPB) regarding the impact of these issues on Regulation Z. If either error or both occurred in the origination of a mortgage, the mortgagee must resolve all errors as discussed below, before the mortgage would be eligible for FHA insurance.

## Incorrect TILA disclosures

Where the TILA disclosures incorrectly reflected an APR calculated with annual MIP cancelation at 78% LTV, a Regulation Z violation has occurred. The mortgagee must take the necessary steps to cure this violation of Regulation Z in accordance with 15 USC § 1640. The mortgagee could choose to cure the violation by ensuring that the borrower is not charged in excess of the amounts disclosed.

In order for loans with incorrect TILA disclosures to be insured by FHA, the mortgagee must cure the TILA violation and reaffirm it is ultimate responsibility for the payment of MIP based on the actual FHA policy on the payment of MIP in effect at the time, rather than the previous policy allowing cancellation at 78% LTV. FHA will require that the mortgagee satisfy their requirement to pay the MIP even after the borrower's obligation has expired. FHA is in the process of determining what specifically it will consider sufficient to satisfy the mortgagee's liability for the full expected MIP due over the life of the mortgage.

# Incorrect 92900-A/B Forms

Mortgagees who originated the mortgage with incorrect information concerning the payment of MIP reflected on the HUD 92900-A/B have not complied with FHA requirements for obtaining mortgage insurance. If the mortgagee is able to secure corrected HUD 92900-A/B disclosures from the borrower(s), these mortgages may still be eligible for endorsement by FHA.

## **Training Opportunities**

Webinar Title: Revisions to FHA's Loss Mitigation Home Disposition Options

**Date/Time:** August 21 and 28 from 2:00 pm to 4:00 pm Eastern

Registration Link: Register for a session now by clicking a date below:

Wed, Aug 21, 2013 2:00 PM - 4:00 PM EDT

Wed, Aug 28, 2013 2:00 PM - 4:00 PM EDT

**Description:** This webinar will provide an overview of the revised requirements for FHA's Loss Mitigation Home Disposition Options (Pre-Foreclosure Sale and Deed in Lieu) as outlined in Mortgagee Letter 2013-23.

Space is limited - please register early. The intended audience for this training is FHA-Approved Servicing Lenders and Housing Counselors.

**Special Instructions: None** 

Webinar Title: FHA Credit Underwriting – Loan Calculations Date/Time: August 21, 2013 from 1:30 pm to 3:00 pm, Eastern

 $\textbf{Registration:} \ \underline{\text{http://www.hud.gov/emarc/index.cfm?} \\ fuse action = \underline{\text{emar.addRegisterEvent\&eventId}} = 1826 \underline{\text{kupdat}} \\ \\ \textbf{Number of the proposed of the prop$ 

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**Description:** Join us for a timely and informative 60-minute, HUD-sponsored webinar where we will discuss some of the more difficult situations that arise when underwriting FHA loans and calculating acceptable loan amounts. We will also discuss differences in FHA and conventional loans as well as provide an in-depth review of FHA Mortgage Insurance. We will discuss how to review more challenging FHA credit files and examine some of the more difficult situations that arise when underwriting FHA loans.

This webinar is designed for underwriters, loan officers, processors, brokers, agents and anyone new to FHA who is seeking a basic and general overview of FHA/HUD's mission and Single Family insured loan programs.

**Special Instructions:** Please complete the HUD Registration form, and prior to the Event you will receive another email with log-in instructions.

Course Title: FHA Loss Mitigation ON-SITE TRAINING

Training Date/Time: Friday, September 13, 2013 8:30 am to 1:00 pm Eastern

Location: U.S. Dept. of HUD – PV McNamara Federal Building, 477 Michigan Avenue, 17th Floor, Detroit, MI

48226

**Registration Link:** <a href="https://eclass.hudtulsa.org">https://eclass.hudtulsa.org</a> You must establish a User-ID and password to register for this course via the e-class system.

**Description:** This is a chance for classroom training provided by HUD. The intended audience for this training is HUD-Approved Counseling Agencies and Servicing Lenders. We will discuss the new changes on the FHA Loss Mitigation waterfall and explain eligibility for each of the Loss Mitigation tools.

**Special Instructions:** A security check is required to gain entrance to this Federal Building; please allow 15-20 minutes for this process. Cellphones are permitted. Parking is available nearby for a modest fee. Please bring a calculator. Completing the e-class Loss Mitigation Course online is encouraged but not required. Check-in begins at 8:30; training begins at 8:45. Café and snack shop located on the basement level. For additional information, send an email to <a href="mailto:john.j.niebieszczanski@hud.gov">john.j.niebieszczanski@hud.gov</a>

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Course Title: FHA Lender Training ON-SITE TRAINING

Date/Time: September 16, 2013 8:00 am through September 17, 2013 5:00 pm Pacific

Location: Orange Terrace Community Center, 20010 Orange Terrace Parkway, Riverside, CA 92508

#### **Registration Link:**

http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1851&update=N

**Description:** FREE CLASSROOM TRAINING — On-line registration required. FHA representatives from the Santa Ana Homeownership Center will conduct a 2-day live training where they will cover a wide range of topics, including recent program changes, Mortgagee Letters, automated (AUS) vs. manual underwriting, review & discussion of "feedback certificate" and documentation, Income & Assets calculations, Refinance Transactions, Post Endorsement Technical Reviews (PETRs) that may lead to loan indemnification, Insuring Deficiencies, highlights of underwriting the FHA appraisal and much more. This training is most beneficial for new mortgage lending professionals or as a refresher course for seasoned professionals. Real estate sales professionals and loan originators are encouraged to attend.

Special Instructions: On-site registration is from 8:00AM to 8:30AM. Parking is free.